

Contact:

Craig Zumbrun – 717-948-6464

## **The South Central Assembly for Effective Governance Launches Anti-Predatory Lending Initiative**

### **Initiative Will Target Eight Pennsylvania Counties**

***Tuesday, May 4, 2004 – Harrisburg, PA*** – Today several community leaders gathered in Harrisburg to launch an anti-predatory lending initiative that will target homeowners in eight south central Pennsylvania counties, including Dauphin, Lancaster, York, Adams, Lebanon, Cumberland, Franklin and Perry. The initiative will provide assistance to homeowners who may have been the victims of predatory lending and will provide the education necessary to help homebuyers avoid predatory lending in the future. Fannie Mae is providing \$1 million investment for this experiment.

This launch follows a statewide initiative — the Keystone Housing Initiative — announced in mid-April by Governor Rendell and Fannie Mae. It is a public-private partnership designed to help 250,000 Pennsylvania families, including 50,000 first-time homebuyers, achieve the American dream of owning their own homes. The Keystone Housing Initiative is backed by a \$32 billion mortgage financing commitment from Fannie Mae that will help homebuyers and underserved families purchase homes in the Commonwealth over the next four years. State agencies, lenders and non-profit organizations will provide potential homebuyers with additional opportunities to learn about responsible borrowing and how to avoid predatory lenders.

“Predatory lending destroys individual wealth and debases communities by creating abandoned properties, empty houses and neglected dwellings,” said Secretary of Banking William Schenck. “Too often, predatory lenders target poor, old or minority citizens, the very victims most vulnerable to this kind of housing fraud. Every dollar spent on educating and counseling prevents thousands of dollars of predatory lending. This program initiative will emphasize the importance of becoming an informed buyer, maintaining good credit and being aware of available resources.”

The anti predatory-lending task force was formed in 2001 as an offshoot of the Assembly’s Housing and Community Development team. In 2002, the Assembly commissioned a study by ACORN (Association for Community Organization for Reform Now) that documented the high number of foreclosures due to predatory lending through a thorough analysis of the region. The study was released in January of this year.

“The South Central Assembly for Effective Governance is extremely pleased to have Secretary Schenck here to announce our initiative,” said Craig Zumbrun, Executive Director of the South Central Assembly for Effective Governance. “This is a great example of how the public and private sectors from multiple geographies can work together to address a common problem.”

The task force is comprised of approximately 44 members representing a cross section of the public and private sectors. Members Tabor Community Services, Inc., Housing Council of York, Inc., Fannie Mae, M&T Bank, Citizens Bank, Wachovia have collaborated to develop an "alternative" lending product which will provide an opportunity for qualified borrowers to refinance their existing mortgage. Typically, those borrowers have gone through unsuccessful loss mitigation attempts with their existing lender and are now in a position of needing to sell their home in order to avoid foreclosure. Through this initiative, eligible borrowers who have demonstrated a satisfactory credit history prior to the predatory loan, may have an opportunity of a market-rate refinancing the existing predatory loan. M&T Bank, Citizens Bank, Wachovia will originate loans under this initiative and Fannie Mae will purchase the eligible loans.

The Assembly's goal is to minimize the occurrences and effects of predatory lending in the region through this initiative and through their forthcoming public outreach campaign, "Don't Risk Your Home."

"Fannie Mae is taking a leadership role in promoting responsible lending and is working in communities throughout the nation to help develop solutions to the problem of predatory lending," said Ed Carlin, Deputy Director of Fannie Mae's Northeast and Central Pennsylvania Partnership Office.

###